

P-3008/NA-89-140 REQUIRING FURTHER INVESTIGATION OF BILLING OPTIONS AND
SPECIFYING ITEMS FOR ANNUAL REPORT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of a Request for a Certificate
of Authority to Resell Long Distance
Service

ISSUE DATE: October 22, 1990

DOCKET NO. P-3008/NA-89-140

ORDER REQUIRING FURTHER
INVESTIGATION OF BILLING OPTIONS
AND SPECIFYING ITEMS FOR ANNUAL
REPORT

PROCEDURAL HISTORY

On September 26, 1989, the Commission issued its ORDER GRANTING CERTIFICATE OF AUTHORITY to the Telecommunications Access for Communication-Impaired Persons (TACIP) Board. The Order required the TACIP Board to file a report by December 31, 1989 regarding its plans to revise its intrastate toll rates to recover billing costs.

On December 29, 1989, the TACIP Board filed its annual report on program operations, required under Minn. Stat. §237.55 (1988). In that report, the Board stated that its efforts to implement a billing system were continuing and that it expected to receive a formal proposal in the future.

On February 21, 1990, the Commission met to consider the TACIP 1989 annual report.

On March 2, 1990, the Commission issued its ORDER REQUIRING REPORT. This Order specifically required a further report regarding TACIP's progress in establishing a billing system and required that the report be filed within 60 days (i.e. by May 1, 1990). The Order also listed six specific items that must be included in the report.

On May 1, 1990, the TACIP Board requested an extension of time until July 2, 1990 to file the report. The Commission granted the request by an Order dated June 20, 1990.

On July 3, 1990, the Commission received the TACIP Board's report.

On September 18, 1990, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The Minnesota legislature authorized the TACIP Board to establish a Message Relay Service (MRS) pursuant to Minn. Stat. § 237.54 to enable telecommunication between communication-impaired persons and non-communication-impaired persons. Messages assisted by the MRS must either originate from or be directed to a communication-impaired person. MRS-assisted telecommunication involves two telephone calls. The first call is from the call initiator to the MRS Office. The second is from MRS to the call recipient. If the call originator is communication-impaired, he or she uses a communication device to communicate with the MRS. At the MRS, a trained staff person who is on the line with the call originator then places a call to the call recipient. Once the MRS staff has established contact with the call recipient, the MRS staff begins to receive and relay the parties' messages back and forth until the conversation is completed.

MRS completes the telecommunication circuit between communication-impaired persons and non-communication-impaired persons in four distinct situations:

1. A caller in a Metro Area exchange initiates a call to the MRS Office in the Metro Area which then places a call to a call recipient in the Metro area and commences the message exchanging process. No long distance calls are involved.
2. A caller in a non-Metro local calling area (e.g. Fergus Falls) initiates a call to the MRS Office in the Metro Area which then calls the intended call recipient back in the same non-Metro local calling area (Fergus Falls) and commences the message exchanging process. The transaction involves two intrastate long distance calls: 1) the call to the MRS Office on the MRS toll-free (800) line and 2) a call back to the call recipient on the MRS toll-free (800) line.
3. A caller in a non-Metro local calling area (e.g. Duluth) initiates a call to the MRS Office in the Metro Area which then places a call to the intended call recipient in a different non-Metro local calling area (e.g. Pipestone) and then commences the message exchanging process. The transaction involves two intrastate long distance calls: 1) the call to the MRS Office on the MRS toll-free (800) line and 2) a call on to the call recipient using the MRS-designated long distance carrier at regular rates.
4. A caller in Minnesota initiates a call to the MRS Office in the Metro Area which then places a call to the intended call recipient out of state (e.g. Chicago) and commences the message exchanging process. The transaction involves one interstate long distance call (MRS Office to Chicago) and, if the caller is not calling from the Metro Area, one intrastate long distance call (non-Metro calling area to MRS) on the MRS toll-free (800) line.

The Commission's on-going concern in this case focuses upon the TACIP Board's practice of paying the charges for the interstate and intrastate toll calls made in conjunction with these MRS assisted telecommunications.

The TACIP Board was created by the Minnesota Legislature in 1987 and charged with two basic responsibilities: to distribute communication devices to eligible communication-impaired persons and to create and maintain a message relay service (MRS). Minn. Stat. § 237.51 (1988).

To fund the activities of the TACIP Board, the legislature established a TACIP Fund as an account of the state treasury. Money for the fund comes from surcharges placed against customer bills in amounts established by the Commission. These charges are collected by every telephone company providing local service in the state and transferred to the Commissioner of Administration who then deposits them in the TACIP Fund. Minn. Stat. § 237.52 (1988). Expenditures from the Fund are expressly limited to four categories. The applicable category for the questioned expenditures in this case is:

(4) contracting for establishment and operation of the message relay service required by section 237.54.

Minn. Stat. 21 237.52, subd. 5 (4) (1988). [Emphasis added.]

The statute does not clearly delineate what costs associated with the "operation of the message relay system" may be paid from the Fund. It appears to the Commission that the legislation clearly contemplates paying the expenses of maintaining the MRS office (e.g. rent), paying qualified staff to provide the service, and paying the cost of maintaining an intrastate 800 number to "enable telecommunications between communication-impaired persons and non-communication-impaired persons." Minn. Stat. § 237.52 (4) (1988) and Minn. Stat. 21 237.54, subd.1 (1988). It is not clear to the Commission, however, that the legislature intended that the cost of the following telephone calls would be payable from the Fund:

- * interstate long distance telephone calls from MRS to out of state call recipients;
- * interstate long distance telephone calls from out of state call initiators to MRS; and
- * intrastate long distance telephone calls from MRS to call recipients in exchanges other than that of the call initiator .

Consequently, the Commission views these calls as properly "billable" to the call initiator and continues to anticipate that the TACIP Board will develop a means of billing the appropriate parties for such calls.

The Commission understands that the TACIP Board has encountered unexpected difficulty in separating billable from non-billable intrastate calls, separating interstate calls from intrastate calls and securing a cost effective method for billing the billable calls to the parties who placed them. To-date, the TACIP Board reports that the all of the billing services providers that it has contacted would charge more for billing than the current charges or billable long distance calls.

Clarifying legislation may be required to resolve the ambiguity. In the meantime, because of its concern regarding the Board's authority under current legislation to pay the costs of these telephone calls from the Fund, the Commission will continue to encourage the TACIP Board to continue its search for an appropriate billing mechanism and request that in its annual report it address the

following information:

1. a monthly itemization of the dollar amount of billable intrastate and interstate calls (i.e. calls from MRS to call recipients in locations other than the call initiator's exchange) that the MRS is absorbing;
2. a full description of TACIP's efforts to develop a cost-effective billing system;
3. a cost/benefit analysis of establishing a billing system compared to continuing to absorb both intrastate and interstate toll charges;
4. a projection of when a cost-effective billing system may become available; and
5. a description of TACIP's efforts to separate intrastate, billable calls, from interstate calls and an analysis of the reasonableness of separating such calls.

According to the TACIP Board report, establishing a flat rate for toll calls (\$1.75 - \$2.40 per call) would recover the costs of an internal TACIP billing system. While this would require a change for the rates that the Commission has approved to-date, the idea has the merit of placing the burden of paying for the MRS assisted calls on those served by such calls rather than upon the rate payers at large. In making its annual recommendation to the Commission regarding an "adequate and appropriate mechanism to implement sections 237.50 to 237.56" pursuant to Minn. Stat. § 237.52 (1988), then, the TACIP Board may wish to address what rates the Commission should establish for MRS assisted calls.

ORDER

1. The Telecommunication Access for Communication-Impaired Persons (TACIP) Board shall continue to investigate billing systems options and shall include in its annual report to the Commission the five items enumerated above for such report.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)